

CITY OF LOS ANGELES INITIATIVE ORDINANCE F

**TITLE:**

**MEDICAL MARIJUANA REGULATION AND TAXATION ORDINANCE (INITIATIVE ORDINANCE F).**

**THE ISSUE:**

Shall the City of Los Angeles regulate "medical marijuana collectives" by requiring collectives to register with the City by complying with three periods of registration and meet other requirements and operational standards, without limiting the number of collectives that can register?

**THE SITUATION:**

There has been a proliferation of medical marijuana establishments citywide. Regulations governing their number, location, and operation may protect residents, businesses, and patients from potential adverse impacts.

**THE PROPOSAL:**

This measure regulates by banning "medical marijuana collectives" while granting immunity from the ban to those collectives that register with the City and meet other requirements and operational standards. The measure does not limit the number of collectives that can register and creates a registration priority system.

This measure exempts from City regulation dwelling units zoned exclusively for residential uses and not permitted for any commercial activity. It also exempts licensed health care facilities and vehicles or other modes of transportation used to cultivate or distribute marijuana.

This measure would increase the City tax on these businesses from \$50.00 to \$60.00 for each \$1,000 of gross receipts.

**A YES VOTE MEANS:**

You want to regulate "medical marijuana collectives" by requiring collectives to register with the City and meet other requirements and operational standards, without limiting the number of collectives that can register. You also want to increase the City tax on these businesses from \$50.00 to \$60.00 for each \$1,000 of gross receipts.

**A NO VOTE MEANS:**

You do not want to regulate "medical marijuana collectives" by requiring collectives to register with the City and meet other requirements and operational standards, without limiting the number of collectives that can register. You do not want to increase the City tax on these businesses from \$50.00 to \$60.00 for each \$1,000 of gross receipts.

**THE FULL TEXT OF THIS MEASURE BEGINS ON PAGE 69.**



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**F MEDICAL MARIJUANA REGULATION AND TAXATION. REQUIRE COLLECTIVES TO REGISTER AND MEET OTHER REQUIREMENTS AND OPERATIONAL STANDARDS. NO LIMITATION ON NUMBER THAT CAN REGISTER. EXEMPT DWELLINGS ZONED RESIDENTIAL FROM REGULATION. INCREASE TAXES ON COLLECTIVES. INITIATIVE ORDINANCE F.**

Shall an ordinance regulating associations of qualified patients and/or primary caregivers who cultivate, provide or engage in other activities related to marijuana for medical purposes (MMCs) by: (1) prohibiting MMCs but providing limited immunity for MMCs that register with the City (without limiting the number that can register but giving registration priority to those possessing City tax certificates by October 2012), generally have not ceased operations for more than 90 days, pass annual background checks, are separated from residential uses, maintain certain distances from schools, parks, child care facilities, other designated places and other MMCs, and meet other requirements and operational standards; (2) exempting dwellings zoned residential, and other exemptions; and (3) increasing the MMC tax to \$60 per each \$1,000 of gross receipts; be adopted?

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**IMPARTIAL SUMMARY  
BY GERRY F. MILLER, CHIEF LEGISLATIVE ANALYST**

This is the third of three competing ballot measures that propose to regulate medical marijuana in the City of Los Angeles. One of the measures is a proposition. Two of the measures, including this one, are the result of an initiative petition process and submitted to a vote of the electorate.

This measure would regulate "medical marijuana collectives" by banning such collectives, but then grant immunity from the ban to any collective that registers with the City Clerk and complies with specified operational requirements. It would provide three periods for registration – the first open to collectives established by October 9, 2012, the second open to collectives established by October 20, 2012, and the third open to all other collectives. It defines a "medical marijuana collective" as any unincorporated or incorporated entity or association of qualified patients and/or primary caregivers and/or persons with identification cards, who provide money and in-kind contributions, reimbursements, and reasonable compensation towards the entity's actual expenses for activities including, but not limited to, planting, cultivation, harvesting, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, providing and/or retail sales of medical marijuana.

The measure would create operational standards, which are conditions for receiving immunity and enforceable as misdemeanors if violated, including: generally has not ceased operations for 90 days, passes annual background checks, is separated from residential uses, operates as a non-profit, limits compensation paid to its members, maintains a 1,000-foot distance from schools and a 500-foot distance from parks, child care facilities and other designated places, and other requirements. The initiative requires a 500-foot distance separation between collectives.

This measure would also increase the City taxes on collectives from \$50.00 to \$60.00 for each \$1,000.00 of its gross receipts.

This initiative would exempt from City regulation any legal dwelling zoned exclusively for residential use and not permitted for any commercial activity. The measure would also exempt licensed health care facilities and any vehicle or other mode of transportation, stationary or mobile, which is used to cultivate, distribute, process, administer, deliver, give away, or transport marijuana.

If any or all of the three competing measures are approved by a majority of voters, only the one ballot measure that receives the most votes will become effective.

**FINANCIAL IMPACT STATEMENT  
BY MIGUEL A. SANTANA, CITY ADMINISTRATIVE OFFICER**

This measure will allow new Medical Marijuana Collectives (MMCs) to establish themselves in the City upon meeting specified requirements. It also will increase the business tax rate paid by MMCs from \$50 per each \$1000 in gross receipts to \$60 per each \$1000 of gross receipts.

The impact of this measure cannot be quantified. The City received \$2.5 million in business taxes from MMCs in 2012. The higher tax rate and the formation of new MMCs will likely increase revenue. Existing and new MMC business tax revenue will be deposited in the General Fund and will be used to fund police, fire, street services, parks, libraries and other general purposes throughout the City. Additional public safety and enforcement expenditures resulting from anticipated new MMCs and from exemptions for dwelling units and health care facilities are also unknown.



## ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE F

Ordinance F will protect our communities and children, strictly regulate medical marijuana collectives and require them to register, and provide desperately needed revenue to fund police, fire and education. Unlike another medical marijuana initiative on the ballot, Ordinance F provides revenue for services for the residents of Los Angeles by requiring collectives to pay an additional 20% increase in their city taxes. To assure financial transparency, Ordinance F requires each collective to file an annual audit of its operations, certified by an independent certified public accountant, with the City Controller.

### ORDINANCE F PROTECTS OUR COMMUNITIES AND OUR CHILDREN BECAUSE IT:

- Prohibits medical marijuana collectives and dispensaries from locating within 1000 feet of a school.
- Prohibits medical marijuana collectives and dispensaries from locating near a public park, licensed child-care facility, youth center, public library, religious institution or substance abuse rehab center.
- Prohibits medical marijuana collectives and dispensaries from allowing minors to enter their premises.
- Prohibits the sale, dispensing or consumption of alcoholic beverages at the location or parking area of any medical marijuana collective or dispensary.
- Reduces community congestion by requiring medical marijuana collectives and dispensaries to provide parking at each location.

### ORDINANCE F PROTECTS THE SICK AND ELDERLY BECAUSE IT:

- Requires medical marijuana collectives and dispensaries to test marijuana for pesticides and other regulated contaminants before providing the medical marijuana to their patients.
- Requires medical marijuana collectives and dispensaries to provide a licensed and uniformed security guard patrol at the premises during all hours of operation.

The City of Los Angeles has unsuccessfully spent years fumbling the issue of medical marijuana collective regulation. Don't be fooled by Proposition D. It is a Trojan Horse. This measure was slapped on the ballot at the last minute by the City Council, the same group of politicians who in 2012 voted to ban all dispensaries in Los Angeles, and thereby deny access to medical marijuana to all residents of the city – as well as violate the clearly expressed will of the voters of California in passing Proposition 215 in 1996. Moreover, Proposition D is based on a distinction between marijuana collectives that was found unconstitutional by Judge Anthony Mohr of the Los Angeles Superior Court and could be found unconstitutional again – which would leave the City without regulation. It is time the People take control of the situation and pass strict but reasonable regulation of medical marijuana to protect our communities, and add significant new revenue to pay for law enforcement, firefighters, and schools.

**FOR COMMUNITY SAFETY AND COMPASSIONATE CARE - VOTE YES ON INITIATIVE ORDINANCE F!**

Arguments printed on this page are the opinions of the authors and are not checked for accuracy by any City agency.

## PERSONS SIGNING ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE F

ROBERT KERNS

NICK MORROW

Los Angeles County Sheriff's Detective,  
Retired



## REBUTTAL TO THE ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE F

### Vote NO on Initiative Ordinance F

This ordinance will increase the proliferation of illegal pot shops across Los Angeles. It won't overturn Federal law which prohibits the sale or possession of marijuana for any reason. This initiative will only protect the untold millions of illegal cash profits made by illegal pot shop owners at the expense of our communities.

The continued operation of illegal pot shops only creates the potential for increased blight, robberies and even homicide. Law enforcement needs every tool possible to keep our City safe.

It will NOT provide additional revenue for Los Angeles. Medicine is not subject to tax. This initiative will place the City in endless litigation, diverting vital resources from core services.

We all have sympathy for the seriously ill; however, this initiative does nothing to protect patients. Join law enforcement and community leaders across Los Angeles and Vote NO on F.

### PERSONS SIGNING REBUTTAL TO THE ARGUMENT IN FAVOR OF INITIATIVE ORDINANCE F

BERNARD C. PARKS  
Councilmember, District 8  
City of Los Angeles

MITCHELL ENGLANDER  
Councilmember, District 12  
City of Los Angeles

ROBERT RUBIN  
Consultant

THEODORE THOMAS  
President  
Park Mesa Heights Community  
Council

PAULA CRACIUM  
President  
Porter Ranch Neighborhood Council

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## ARGUMENT AGAINST INITIATIVE ORDINANCE F

### Vote NO on Initiative Ordinance F

This initiative will increase the proliferation of illegal pot shops across Los Angeles. Nothing in F will overturn Federal law which prohibits the sale or possession of marijuana for any reason. This initiative will only protect the untold millions of illegal cash profits made by illegal pot shop owners at the expense of our communities.

Vote NO on Initiative Ordinance F. It ties the hands of neighborhoods under siege by illegal pot shops. There are more illegal pot shops than ice cream stores in Los Angeles. The continued operation of illegal pot shops only creates the potential for increased blight, takeover robberies, and even homicides. Law enforcement needs every tool possible to keep our City safe.

Vote NO on Initiative Ordinance F. It will NOT provide additional revenue for Los Angeles. Medicine is not subject to tax. The pot shop owners have already sued the City to prevent taxation of their illegal businesses. This initiative will just place the City in endless litigation and divert vital resources from core services.

Vote NO on Initiative Ordinance F. We all have sympathy for the seriously ill; however, this initiative does nothing to protect *patients*. California's 1996 Compassionate Use Act already protects patients and their caregivers from criminal prosecution.

Protect our communities from blight, illegal drug sales and violent crime. Join law enforcement and community leaders across Los Angeles and vote NO on F.

## PERSONS SIGNING ARGUMENT AGAINST INITIATIVE ORDINANCE F

BERNARD C. PARKS  
Councilmember, District 8  
City of Los Angeles

MITCH ENGLANDER  
Councilmember, District 12  
City of Los Angeles

PAULA CRACIUM  
President  
Porter Ranch Neighborhood Council

EDWARD HEADINGTON  
President  
Granada Hills North Neighborhood Council

BETTYE BRYANT  
Representative  
Mid City Neighborhood Council Region 1

THEODORE THOMAS  
President  
Park Mesa Heights Community Council

ROBERT RUBIN  
Consultant

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## REBUTTAL TO THE ARGUMENT AGAINST INITIATIVE ORDINANCE F

### VOTE YES ON FI

The Argument against F is not based in reality, lacks any factual foundation and hopes to confuse you, the voter, by using fear and intimidation. In fact, the Argument against Ordinance F was drafted by the same Los Angeles City Council that voted to ban all medical marijuana collectives rather than regulate them. Clearly the City Council has no honest intent to regulate or tax medical marijuana in the City as it purports to do in its own measure – it wants to do away with all dispensaries. It is evermore clear that Ordinance F is the only reasonable choice for this City to end the proliferation of medical marijuana dispensaries, as well as a practical way to add much-needed revenue to our City's budget for police, firefighters and our schools – especially with the defeat of Measure A in the March primary.

Unlike the other measures Ordinance F is the only regulation that will:

- Require background checks of all managers, employees *and* volunteers;
- Require each medical marijuana dispensary to file with the City Controller an audit of its operations that is reviewed by a CPA;
- Require each dispensary to provide parking for its customers;
- Deny access to all children under any circumstance; and
- Require each medical marijuana dispensary to test and analyze medical marijuana for pesticides and toxins.

Ordinance F will NOT overturn Federal Law as the United States Supreme Court has already ruled that Federal law does not preclude state's regulation of medical marijuana.

Ordinance F will NOT tie the hands of neighborhoods as it allows the City Council to make reasonable changes that advance the spirit of the law.

Ordinance F will NOT make it harder for law enforcement to regulate medical marijuana as each collective will have to register with the City and the police department.

Ordinance F increases the revenue the City already receives from medical marijuana by 20%. After collecting tax revenue from medical marijuana collectives for only six months in 2011, the City received over \$2,500,000 in taxes from medical marijuana collectives alone. Unlike the other measures, the success of Ordinance F will limit future litigation as there will be a solid and constitutional law on the books for the City to enforce.

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Don't be fooled by the other measures. Ordinance F provides the greatest amount of reasonable regulation and compassion to provide the City relief from the proliferation of medical marijuana dispensaries, while at the same time raising much needed revenue to pay for law enforcement, firefighters and education for Angelenos.

It is time the People take control and join LAW ENFORCEMENT AND COMMUNITY LEADERS to protect our communities by voting YES on ORDINANCE F!

### PERSONS SIGNING REBUTTAL TO THE ARGUMENT AGAINST INITIATIVE ORDINANCE F

ROBERT KERNS

STEPHEN DOWNING  
Deputy Chief of Police (Retired)  
Los Angeles Police Department

NICK MORROW  
Los Angeles County Sheriff's  
Detective, Retired

TRAVIS GUEVARA KASPER  
South Park Business Director  
Downtown Los Angeles Neighborhood  
Council

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## INITIATIVE ORDINANCE F

Pursuant to, and consistent with California law concerning medical marijuana, the City of Los Angeles shall enact an ordinance amending in their entirety Article 5.1 of Chapter IV, and Section 21.50, of the Los Angeles Municipal Code, in order to impose strict regulations on medical marijuana collectives to protect the health, safety, and welfare of the community, and to provide additional general tax revenues to help fund the regulation of medical marijuana collectives and necessary municipal services, including, but not limited to, police protection and crime suppression services, firefighting services, code enforcement, building inspections, and other municipal services as determined by the City Council.

WHEREAS, the Compassionate Use Act ("CUA"), adopted by California voters in 1996, and the Medical Marijuana Program Act ("MMPA"), enacted by the State Legislature in 2003, decriminalized the cultivation and use of marijuana by seriously ill individuals upon a physician's recommendation and provided California's qualified patients and their primary caregivers with specified immunities under state law, thereby helping to ensure that qualified patients and their primary caregivers, who possess and use marijuana for medical purposes, are not subject to criminal prosecution or sanction;

WHEREAS, commencing in 2007, numerous medical marijuana collectives opened storefront shops and commercial growing operations in the City without any consistent land use controls under the Los Angeles Municipal Code ("LAMC," "Municipal Code," or "this Code") and, since that time, an unknown number of these collectives continue to operate in Los Angeles, all without consistent and clear regulations from the City;

WHEREAS, the Los Angeles Police Department ("LAPD") has reported that, as the number of marijuana dispensaries and commercial growing operations proliferated without sufficient legal oversight, the City and its neighborhoods have experienced negative secondary effects, including an increase in crime at certain locations associated with unregulated marijuana collectives;

WHEREAS, there presently are no ordinances in the City of Los Angeles specifically regulating or monitoring the location, zoning standards, or other aspects of the locations and facilities where medical marijuana will be dispensed to eligible persons under state law;

WHEREAS, medical marijuana dispensaries continue to operate without reasonable regulation, thus threatening the interests of local neighborhoods and businesses, as well as negatively impacting those seriously ill residents of the City who require access to the palliative effects of medical marijuana;

WHEREAS, by implementing a fair and reasonable registration process for medical marijuana collectives, which will provide priority to those registrants who have acted and which continue to act in a responsible and law-abiding manner, the City will be able to maintain order while avoiding undue burdens on its already strained financial resources;

WHEREAS, the City has a substantial and clear interest in ensuring that medical marijuana is distributed in an orderly manner, and in protecting the public health, safety and welfare of its residents, its businesses, the neighborhoods in which medical marijuana collectives operate, while ensuring compassionate access by seriously ill residents to medical marijuana in accordance with the CUA and the MMPA;

WHEREAS, taxing medical marijuana collectives in the City will help to fund general municipal services, which may include but are not limited to, code enforcement, building inspections, police protection and crime suppression services, fire prevention and suppression services, which will facilitate the purposes of this law and which will fund necessary services as determined by the City Council;

WHEREAS, the regulations in this initiative do not interfere with a qualified patient's right to use medical marijuana as authorized under California law, nor do they criminalize the possession or cultivation of medical marijuana by specifically defined classifications of persons, as authorized under California law.

WHEREAS, medical marijuana collectives shall comply with all provisions of the Los Angeles Municipal Code ("Code"), California law, and all other applicable local laws; nothing in this initiative purports to permit activities that are otherwise illegal under state or local law;

WHEREAS, this initiative is not intended to conflict with federal or state law, nor is it intended to respond to or invite litigation over any unresolved legal questions posed by the California Attorney General or by case law regarding the scope and application of state law; it is intended that this initiative be interpreted to be compatible with federal and state enactments and in furtherance of the public purposes that those enactments encompass;

NOW, THEREFORE,

THE PEOPLE OF THE CITY OF LOS ANGELES DO ORDAIN AS FOLLOWS:

### SECTION 1.

Section 21.50 of Article 1 of Chapter II of the Los Angeles Municipal Code is amended in its entirety to read:

#### **Sec. 21.50. TAXATION OF MEDICAL MARIJUANA COLLECTIVES.**

(a) No registration certificate or permit issued under the provisions of Article 1 or Article 1.5 of Chapter 2 of this Code, or the payment of any tax required under the provisions of Article 1 or Article 1.5 of Chapter 2 of this Code shall be construed as authorizing the conduct or continuance of any illegal business or of a legal business in an illegal manner. Nothing in this section implies or authorizes that any activity connected with the distribution or possession of cannabis is legal unless otherwise authorized and allowed by California and federal law. Nothing in this Section shall be applied or construed as authorizing the sale of marijuana.

(b) Every person engaged in operating or otherwise conducting a medical marijuana collective not otherwise specifically taxed by other business tax provisions of this Chapter, shall pay a business tax of \$60.00 for each \$1,000.00 of gross receipts or fractional part thereof.

(c) For purposes of this section, a "medical marijuana collective" means any activity regulated or permitted by Article 5.1 of this Code or Health and Safety Code sections 11362.5, *et seq.*, that involves transporting, dispensing, delivering, providing or manufacturing, compounding, converting, processing, preparing, storing, packaging,



or testing harvesting, transporting, dispensing, delivering, providing, manufacturing, compounding, converting, processing, preparing, storing, packaging, or testing any part of the marijuana plant for medical purposes.

(d) For purposes of this section, "gross receipts" includes all amounts that would be considered gross receipts under section 21.00, including without limitation:

- (i) Membership dues;
- (ii) The value of in-kind contributions;
- (iii) Reimbursements provided by members, regardless of form; and
- (iv) Anything else of value obtained by a medical marijuana collective.

(e) All taxpayers subject to this section must pay the full tax imposed by this section regardless of any rebate, exemption, incentive, or other reduction set forth elsewhere in the Municipal Code, except as required by California or Federal Law. No provision in the Municipal Code can lower the tax rate set forth in this section or otherwise reduce the amount of taxes paid hereunder unless the provision specifically states that the reduction applies.

(f) The City Council may impose the tax authorized by this section at a lower rate and may establish exemptions, incentives, or other reductions as otherwise allowed by the Charter and California law. No action by the Council under this paragraph shall prevent it from later increasing the tax or removing any exemption, incentive, or reduction and restoring the maximum tax specified in this section.

## **SECTION 2.**

Article 5.1 of Chapter IV of the Los Angeles Municipal Code is amended in its entirety to read:

### **ARTICLE 5.1 MEDICAL MARIJUANA**

#### **SEC. 45.19.6. PURPOSES AND INTENT.**

It is the purpose and intent of this article to regulate medical marijuana collectives in order to ensure the health, safety and welfare of the residents of the City of Los Angeles. The regulations in this article, in compliance with the Compassionate Use Act, the Medical Marijuana Program Act, and the California Health and Safety Code do not interfere with a qualified patient's right to use medical marijuana as authorized under California law, nor do they criminalize the possession or cultivation of medical marijuana by specifically defined classifications of persons, as authorized under California law.

Medical marijuana collectives shall comply with all provisions of the Los Angeles Municipal Code ("Code"), California law, and all other applicable laws. Nothing in this article purports to permit activities that are otherwise illegal under federal, state or local law. This article is not intended to conflict with federal or state law, nor is this article intended to respond to or invite litigation over any unresolved legal questions posed by the California Attorney General or by case law regarding the scope and application of state law. It is intended that this article be interpreted to be compatible with federal and state enactments and in furtherance of the public purposes that those enactments encompass.

#### **SEC. 45.19.6.1. DEFINITIONS.**

A. The following phrases words, when used in this section, shall be construed as defined below. Words and phrases not defined here shall be construed as defined in Sections 11.01, 12.03, 45.19.5, 45.21 for "youth center" only, and 56.45 of this Code.

"Building" means any structure having a roof supported by columns or walls, for the housing, shelter or enclosure of persons, animals, chattels, or property of any kind.

"Live Scah" means a system for inkless electronic fingerprinting and the automated background check developed by the California Department of Justice ("DOJ") which involves digitizing fingerprints and electronically transmitting the fingerprint image data along with personal descriptor information to computers at the DOJ for completion of a criminal record check; or such other comparable inkless electronic fingerprinting and automated background check process as determined by the City Council.

"Live Scan application" means a form developed by the City Clerk to request Live Scan services and to contain information relevant to the Live Scan process.

"Location" means any parcel of land, whether vacant or occupied by a building, group of buildings, or accessory buildings, and includes the buildings, structures, yards, open spaces, lot width, and lot area.

"Manager" means any person with responsibility for the establishment, organization, registration, supervision, or oversight of a medical marijuana collective, including but not limited to any person who performs the functions of president, vice president, board member, director, owner, operating officer, financial officer, secretary, or treasurer of the medical marijuana collective.

"Marijuana" shall be construed as defined in California Health and Safety Code Section 11018 and further shall specifically include any product that contains marijuana or a derivative of marijuana.

"Medical marijuana collective" means the following: an unincorporated or incorporated entity or association of qualified patients and/or primary caregivers and/or persons with identification cards, who provide money and in-kind contributions, reimbursements, and reasonable compensation towards the aforementioned entity's actual expenses for activities including, but not limited to, planting, cultivation, harvesting, transporting, manufacturing, compounding, converting, processing, preparing, storing, packaging, providing and/or retail sales of medical marijuana. A medical marijuana collective may provide medical marijuana, products, services and assistance to qualified patients, persons with a medical marijuana identification card (as set forth in the MMPA), or the primary caregiver of such persons. Medical marijuana collectives may assist with the acquisition of skills necessary to cultivate or provide marijuana for medical purposes in compliance with State Law. A medical marijuana collective includes any facility, building, structure or location, whether permanent, or temporary, where marijuana is made available, sold, given, distributed, or otherwise provided in accordance with Health and Safety Code section 11362.5 *et seq.* A medical marijuana collective includes medical marijuana "cooperatives" and "collectives" that are established as not for profit entities.

(1) "Medical marijuana collectives" shall not include, nor be interpreted to include, any of the following:





(a) Any location which is a legal dwelling zoned exclusively for residential use and not permitted for any commercial activity.

(b) Any vehicle or other mode of transportation, stationary or mobile, which is used to cultivate, distribute, process, administer, deliver, give away, or transport marijuana to any person, including a qualified patient, a person with an identification card, or a primary caregiver.

(c) The location of any clinic licensed pursuant to Chapter 1 (commencing with Section 1200), a health care facility licensed pursuant to Chapter 2 (commencing with Section 1250), a residential care facility for persons with chronic life-threatening illness licensed pursuant to Chapter 3.01 (commencing with Section 1568.01), a residential care facility for the elderly licensed pursuant to Chapter 3.2 (commencing with Section 1569), a hospice, or a home health agency licensed pursuant to Chapter 8 (commencing with Section 1725), any facility specified in Division 2 of the California Health and Safety Code where: (i) a qualified patient or person with an identification card receives medical care or supportive services, or both, from the clinic, facility, hospice, or home health agency, and (ii) the owner or operator, or one of not more than three employees designated by the owner or operator, of the clinic, facility, hospice, or home health agency has been designated as a primary caregiver pursuant to California Health and Safety Code Section 11362.7(d) by that qualified patient or person with an identification card.

"Premises" means the space in any buildings of a medical marijuana collective together with the spaces within any structures, yards, open spaces, lot width, and lot area at a location that is occupied or used in the operation of the medical marijuana collective.

"Reasonable compensation" means compensation commensurate with reasonable wages and benefits paid to employees of IRS-qualified non-profit organizations who have similar job descriptions and duties, required level of education and experience, prior individual earnings history, and number of hours worked. The payment of a bonus shall not be considered "reasonable compensation."

"Religious institution" means a building which is used primarily for religious worship and related religious activities and which possesses all necessary permits, certificates of occupancy and licensing to operate within the City of Los Angeles.

"Structure" means anything constructed or erected which is supported directly or indirectly on the ground, but not including any vehicle.

"Vehicle" means a conveyance or device by which any person or property may be propelled, moved, or drawn upon a street, sidewalk or waterway, including but not limited to a device moved exclusively by human power.

B. The following words or phrases when used in this section shall be construed as defined in California Health and Safety Code Sections 1746, 11362.5, and 11362.7.

"Hospice"; "Identification card";

"Person with an identification card"; "Primary caregiver"; and

"Qualified patient".

#### SEC. 45.19.6.2. MEDICAL MARIJUANA COLLECTIVES PROHIBITED.

A. It shall be unlawful to own, establish, operate, use, or permit the establishment or operation of a medical marijuana collective, or to participate as an employee, contractor, agent, volunteer, or in any manner or capacity other than as provided in this article 5.1.

B. The general prohibition contained in this section shall include renting, leasing, or otherwise permitting a medical marijuana collective to occupy or use a location, vehicle, or other mode of transportation.

#### SEC. 45.19.6.3. LIMITED IMMUNITY.

A medical marijuana collective shall be immune to the prohibition set out in Section 45.19.6.2 and the remedies set forth in Los Angeles Municipal Code section 11.00, including criminal prosecution, so long as that medical marijuana collective is registered with the City Clerk pursuant to this article and complies with all operational requirements provided in this section.

##### A. REGISTRATION.

1. Registration Required. No medical marijuana collective shall be subject to the limited immunity and operational requirements provisions of this article until it has filed an intent to register form in accordance with the provisions of this article, has paid all applicable registration fees, and its registration has been accepted as complete by the City Clerk. Notwithstanding the above, medical marijuana collectives that register pursuant to priority registration provisions in Section 45.19.6.3 A.3 may operate during the registration process until such a time as their registration is denied or accepted by the City Clerk but for no longer than 6 months after the medical marijuana collective first filed its "intent to register form." No other medical marijuana collective may operate under the priority registration exception unless it submitted an "intent to register form" in accordance with this section.

##### 2. Registration.

i. The City Clerk shall create a registration form for medical marijuana collectives to file their notice of intent to register pursuant to this article. This form shall be titled the "Intent to Register Form".

ii. The City Clerk shall initially allow two periods for priority registration of medical marijuana collectives to register pursuant to this article. The first priority registration period shall begin seven (7) days after the effective date of this ordinance and last 10 business days. The second priority registration period shall begin no later than 45 days after the effective date of the ordinance and shall last 10 business days.

iii. No later than 270 days after the completion of the second priority registration period the City Clerk shall allow the registration of additional medical marijuana collectives in the City subject to the conditions of this article and subject to the registration requirements detailed in Section 45.19.6.3.



### 3. Priority Registration.

i. Beginning on the date that is seven (7) days after the effective date of this ordinance, and lasting for 10 business days, any medical marijuana collective that: (1) possesses a valid City of Los Angeles Tax Registration Certificate designation L050 - with an issue date on or before October 9, 2012; (2) possesses a valid City of Los Angeles Tax Registration Certificate designation L044 - with an issue date on or before October 9, 2012; (3) possesses a valid City of Los Angeles Tax Registration designation L049 - with an issue date on or before October 9, 2012; (4) possesses a valid State Board of Equalization sellers permit for the sale of medical marijuana which was applied for and issued on or before October 9, 2012; (5) pays the required registration fee as determined by the City Clerk; (6) provides the name, phone number, and e-mail address of each manager together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department pursuant to this article; (7) provides the name, phone number and e-mail address of each member and/or employee that distributes medical marijuana, together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department; (8) provides its current location of operation and proof that it operates with the approval of its current landlord; and (9) identifies a location that it will occupy after registration that meets the requirements of this article; may submit its notice of intent to register with the City Clerk.

ii. Beginning on the date that is 45 days after the effective date of this ordinance, and lasting for 10 business days, any medical marijuana collective that: (1) possesses a valid City of Los Angeles Tax Registration Certificate designation L050 with an issue date on or before October 20, 2012; (2) possesses a valid City of Los Angeles Tax Registration Certificate designation L044 with an issue date on or before October 20, 2012; (3) possesses a valid City of Los Angeles Tax Registration designation L049 with an issue date on or before October 20, 2012; (4) possesses a valid State Board of Equalization sellers permit for the sale of medical marijuana with an issue date on or before October 20, 2012; (5) pays the required registration fee as determined by the City Clerk; (6) provides the name, phone number, and e-mail address of each manager together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department pursuant to this article; (7) provides the name, phone number and e-mail address of each member and/or employee that distributes medical marijuana, together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department; (8) provides its current location of operation and proof that it operates with the approval of its current landlord; and (9) identifies a location that it will occupy after registration that meets the requirements of this article; may submit its notice of intent to register with the City Clerk.

### 4. Priority Order.

i. All medical marijuana collectives that meet the applicable requirements provided in Subsection A(1), (2) or (3), above, and that notify the City Clerk of their intention to register under this article at an identified location shall be eligible to be registered pursuant to this article. Priority order shall be applied to each registration group under Section 45.19.6.3 A.3(i) and 45.19.6.3 A.3(ii) separately. At no time shall the registrants provided priority in Section 45.19.6.3 A.3(ii) have registration priority over those registrants provided priority under Section 45.19.6.3 A.3(i). The City Clerk shall provide registration priority to medical marijuana collectives who operated in the City longer. In order to determine the length a medical marijuana collective has operated in the City, the City Clerk shall use the earliest issue date appearing on any required City Tax Registration Certificate provided by the registrants during the medical marijuana collective's registration to determine the priority order in which the City Clerk will complete registration of medical marijuana collectives.

ii. The date each medical marijuana collective registration is deemed completed by the City Clerk shall determine priority in the operation of a medical marijuana collective pursuant to the zoning prohibition in Section 45.19.6.3 B(5).

### 5. General Registration.

i. Beginning on the date that is no sooner than 270 days after the completion of the second registration period, the City Clerk shall allow additional applicants to submit an intent to register form with the City Clerk. The submission of an intent to register form does not provide the medical marijuana collective the ability to operate until its registration has been deemed complete by the City Clerk.

ii. Every medical marijuana collective that: (1) possesses a valid City of Los Angeles Tax Registration Certificate designation L050; (2) possesses a valid City of Los Angeles Tax Registration Certificate designation L044; (3) possesses a valid City of Los Angeles Tax Registration designation L049; (4) possesses a valid State Board of Equalization sellers permit for the sale of medical marijuana; (5) pays the required registration fee as determined by the City Clerk; (6) provides the name, phone number, and e-mail address of each manager together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department pursuant to this article; (7) provides the name, phone number and e-mail address of each member and/or employee that distributes medical marijuana, together with proof that each manager has submitted a Live Scan and Live Scan application to the Los Angeles Police Department; and (8) identifies a location that it will occupy after registration that meets the requirements of this article; may submit its notice of intent to register with the City Clerk pursuant to the general registration.

### 6. Modification of Intent to Register Form and Registration.

i. The City Clerk shall allow a medical marijuana collective, which timely submitted an intent to register form, the ability to amend its intent to register form, as needed, and in compliance with this article.



- ii. After the completed registration of each medical marijuana collective, the City Clerk shall allow each registered medical marijuana collective the ability to update its registration, as needed, and in compliance with this article.

## B. OPERATIONAL REQUIREMENTS.

A medical marijuana collective shall be immune to the prohibition set out in Section 45.19.6.2 and the remedies set forth in Los Angeles Municipal Code Section 11.00, including criminal prosecution, so long as that medical marijuana collective is registered as pursuant to Section 45.19.6.3 above and complies with the following operational requirements:

1. The medical marijuana collective possesses valid Business Tax Registration Certificates with Designation L050, L044 and L049;
2. The medical marijuana collective possesses a valid and current State Board of Equalization seller's permit;
3. The medical marijuana collective maintains proper documentation and registration of its employees pursuant to the requirements of the State Employment Development Department;
4. The medical marijuana collective shall make available to the City Clerk the names of each person who dispenses marijuana at the medical marijuana collective together with a Live Scan background check of each such person, and shall only allow those persons whose names are submitted to the City Clerk to dispense medical marijuana;
5. The medical marijuana collective shall not be located within:
  - i. a 1000-foot radius of a "school" as defined under Health and Safety Code § 11362.768 (h);
  - ii. a 500-foot radius of a public park, public library, licensed child care facility, youth center, substance abuse rehabilitation center, religious institution and any other registered medical marijuana collectives;
  - iii. The distances specified in this paragraph shall be the horizontal distance measured in a straight line from the property line of the school, public park, public library, religious institution, licensed child care facility, youth center, substance abuse rehabilitation center, or other medical marijuana collective(s), to the closest property line of the lot on which the medical marijuana collective is located without regard to intervening structures;
6. The medical marijuana collective may not be more than 30 days past due on its City taxes from the date it first submitted its intent to register form;
7. The medical marijuana collective shall not cease operation in the City for more than a 90 day period of time from the day it first submitted its intent to register form, as evidenced by its self-reported disclosures to the City, by City field inspection, by lack of activity on its utilities bills, by the return to the City by the U.S. Postal Service of mail sent to the business by the City, or by confirmation from the Los Angeles Police Department or any law enforcement agency of a closure arising out of a law enforcement proceeding;

- i. For purposes of this subsection, a medical marijuana collective will not be deemed to have ceased operations if closure or non-operation was in response to a letter or notice from the Federal government or any of its agencies.

8. The medical marijuana collective shall not be more than 60 days past due in the annual renewal of its City business tax registration from the date it first submitted its intent to register form;
9. The medical marijuana collective shall remain closed and/or shall not operate between the hours of 10 PM and 10 AM;
10. The medical marijuana collective shall not allow any minors to enter its premises;
11. The medical marijuana within a medical marijuana collective shall not be visible from the exterior of the business's premises;
12. The medical marijuana collective shall not illuminate the interior of its premises during closure hours by lighting that is substantially visible from the exterior of the premises, except such lighting that is utilized for the security of the premises;
13. The medical marijuana collective shall bar ingress or egress to its premises on any side of its location that abuts or is across a street, alley or walk from, or has a common corner, with a residential use of land, except that an exit door required by this Code may be maintained for emergency egress only and must be locked from the exterior at all times;
14. Prior to being offered a position of management or employment at a medical marijuana collective, an applicant for a position of manager, volunteer, or employee of the medical marijuana collective who dispenses medical marijuana must submit and successfully pass an annual LAPD Live Scan background check by December 31 of each year in order to be employed at the medical marijuana collective. A failed LAPD Live Scan is any Live Scan that shows a felony conviction having occurred within the past 10 years and/or shows that the manager, volunteer, or employee is currently on parole or probation for the sale or distribution of a controlled substance;
15. The medical marijuana collective shall prohibit the sale, dispensing, or consumption of alcoholic beverages at its location or in the parking area of the location;
16. During those hours that the medical marijuana collective is closed or not operating, the medical marijuana collective shall not keep and not store medical marijuana that is not in a locked vault or safe, or other secured storage structure. In the event that any dried medical marijuana is to be stored in a safe or vault, such safe or vault must be bolted to the floor or structure of the premises;
17. The medical marijuana collective shall not allow any persons to inhale, smoke, eat, ingest, or otherwise consume marijuana at the location, in the parking areas of the location, or in those areas restricted under the provisions of California Health and Safety Code section 11362.79. This prohibition shall not apply to a qualified patient's use of marijuana for his or her own medical needs if the qualified patient's



permanent legal residence is at the medical marijuana collective's location, nor shall this prohibition limit or conflict with the exceptions provided in local and state law that permit smoking in designated areas within licensed residential medical and elder care facilities;

18. The medical marijuana collective shall utilize the Live Scan background check system as set forth in this article prior to employing any manager, volunteer, or employee. The medical marijuana collectives' managers must be registered members of the medical marijuana collective. A medical marijuana collective shall not knowingly employ any manager who has been convicted of a felony within the previous 10 years, or be currently on parole or probation for the sale or distribution of a controlled substance. Any person who does not qualify under this section shall not be engaged directly or indirectly in the management of the medical marijuana collective and, further, shall not manage, or benefit from the receipts and expenses of the medical marijuana collective. Verification of all Live Scan applications received by a medical marijuana collective shall be processed and received by the Los Angeles Police Department in accordance with California Department of Justice guidelines;

19. The medical marijuana collective shall not engage in, participate in, or otherwise engage in the manufacture of concentrated cannabis in violation of California Health and Safety Code section 11379.6;

20. Medical marijuana collectives shall not operate as a for-profit entity. Individual member/s may not receive remuneration above and beyond reasonable compensation. Cash and in-kind contributions, reimbursements, and reasonable compensation provided by members towards the medical marijuana collective's actual expenses including but not limited to the growth, cultivation, and provision of medical marijuana shall be allowed provided that they are in compliance with State Law;

21. The medical marijuana collective shall not maintain more than \$200.00 in cash overnight at its location, and shall make twice daily bank drops that include all cash collected by the business on that day;

22. The medical marijuana collective shall have no interior illumination of any exterior signs nor shall any interior signs be visible from the exterior of the premises be allowed;

23. The windows and roof hatches of the building or portion of the medical marijuana collective's building where the medical marijuana collective is located shall be secured from the inside with bars or other reasonable security measures so as to prevent unauthorized entry, and shall be equipped with latches that may be released quickly from the inside to allow egress in the event of an emergency in compliance with all applicable building code provisions;

24. The medical marijuana collective location shall be monitored at all times by web-based closed-circuit television for security purposes. The camera and recording system must be of adequate quality, color rendition and resolution to allow for the reasonable identification of any individual committing a crime anywhere on

or adjacent to the location. The recordings shall be maintained for a period of not less than 90 days;

25. Exterior doors to the medical marijuana collective shall remain locked from the outside to prevent unauthorized ingress to the premises of the medical marijuana collective. Ingress shall be allowed by means of a remote release operated from within the premises of the medical marijuana collective. In all cases, doors shall remain operable from the inside to allow egress without the use of a key or special knowledge. If installed, access controlled egress doors shall comply with Section 1008.1.3.4 of the California Building Code;

26. The medical marijuana collective shall provide a duly-licensed and uniformed security guard patrol for the premises during all hours of operation;

27. A sign shall be posted at the entrance to the medical marijuana collective containing the name and functioning telephone number of a 24-hour on-call manager who shall receive, log, and respond to complaints and other inquiries on behalf of the medical marijuana collective;

28. The medical marijuana collective shall provide parking at a ratio of one parking space per 300 square feet of floor area. For purposes of applying the parking ratio, the floor area of the medical marijuana collective will only include those areas dedicated to the packaging and dispensing of marijuana;

29. No later than March 15 of every year, each medical marijuana collective shall file with the City Controller an audit of its operations of the previous calendar year, completed and certified by an independent certified public accountant in accordance with generally accepted auditing and accounting principles. The audit shall include, without limitation, a discussion, analysis, and verification of each of the records required to be maintained pursuant to Section 45.19.6.4 of this Article; and

30. The medical marijuana collective shall analyze a representative sample of dried medical marijuana and a representative sample of edible marijuana using a liquid chromatography/mass spectrometry/mass spectrometry method of analysis for pesticides and any other regulated contaminants, pursuant to established local, state, or federal regulatory or statutory standards at levels of sensitivity established for the food and drug supply, before providing the medical marijuana to its members. Any medical marijuana from which the representative sample analysis tests positive for a pesticide or other contaminant at a level which exceeds the local, state, or federal regulatory or statutory standard for the food and drug supply shall not be provided to members and shall be destroyed forthwith. Any medical marijuana provided to members shall be properly labeled in strict compliance with state and local laws.

#### **SEC. 45.19.6.4. VIOLATION AND ENFORCEMENT.**

Each violation of this article shall constitute a separate violation and shall be subject to all remedies and enforcement measures authorized by Section 11.00 of this Code. Additionally, as a nuisance per se, any violation of this article shall be subject to legally authorized remedies, including procedures for injunctive relief, as well as procedures to revoke the medical marijuana collective's registration, certificate of occupancy for the



business's location, disgorgement and payment to the City of any and all monies unlawfully obtained, costs of abatement, costs of investigation, attorney's fees, and any other relief or remedy available at law or equity. The City may also pursue any and all remedies and actions available and applicable under local and state laws for any violations committed by the medical marijuana collective and persons related or associated with such medical marijuana collective. Notwithstanding an initial verification of compliance by the medical marijuana collective with the registration requirements set forth in Section 45.19.6.3 of this article prior to the filing of the registration form, any medical marijuana collective later found to be in violation at any time of any of the registration requirements shall be subject to the enforcement provisions provided in this section.

#### **SEC. 45.19.6.5. SEVERABILITY**

If any portion of this ordinance is for any reason held to be unconstitutional, invalid or unenforceable by a court of competent jurisdiction, that invalidity shall not affect the remaining portions of this ordinance which can be implemented without the invalid provision, and, to this end, the provisions of this ordinance are severable.

#### **SECTION 3.**

**Majority Approval; Effective Date.** This ordinance shall be effective only if approved by a majority of voters and shall go into effect on September 3, 2013.

#### **SECTION 4.**

**Competing Measures.** In the event that this measure and another measure or measures relating to the regulation of medical marijuana in the City of Los Angeles shall appear on the same ballot, the provisions of the other measures shall be deemed to be in conflict with this measure. In the event that this measure shall receive a greater number of affirmative votes, the provisions of this measure shall prevail in their entirety, and the provisions of the other relating to the regulation of medical marijuana in the City of Los Angeles shall be null and void.

#### **SECTION 5.**

**Amendment and Repeal.** The provisions of the Los Angeles Municipal Code added by, amended by, or contained in this initiative measure may be amended to further its purposes by ordinance passed by a majority vote of the Council and approved by the Mayor. The provisions of the Los Angeles Municipal Code added by, amended by, or contained in this initiative measure shall not be repealed, except by an ordinance adopted either by petition or by the Council at its own instance and adopted by a vote of the electors, or by an amendment of the Charter superseding the aforementioned provisions.

